



COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: April 13, 2004

TO: Lamont Ewell, City Manager

FROM: Councilmember Donna Frye *Donna Frye*
Councilmember Ralph Inzunza *M. Inzunza*

SUBJECT: Commitment of FY 2005 District CDBG Funds

On April 12, 2004, a memorandum from the City Manager regarding the Fiscal Year 2005 Community Development Block Grant (CDBG) Program was sent to the Mayor and Council. Included in that memorandum is the designation of CDBG funds to the Council offices which recommends that \$1 million from the Council's discretionary funds be used for Fire Prevention and Fighting Equipment. This reduces the Council District's CDBG funds from \$6 million to \$5 million, resulting in the deduction of \$111,000 from each Council District.

Fire prevention and new equipment to fight fires is a priority of the City Council. In a memorandum from Councilmembers Inzunza and Frye dated March 24, 2004, \$25 million of CDBG funds was identified from the debt owed to the City by the Centre City Development Corporation (CCDC). These funds could go, not only to the implementation of the Public Safety Action Plan and the Public Safety Communications Project, but also cover the \$1 million in immediate needs for two brush apparatus and the replacement of fire fighting equipment called out for in the aforementioned April 12, 2004 memorandum.

We recommend that the City require CCDC to repay the \$25 million in CDBG funds in order to pay for the important Fire Department needs, identified in the April 12, 2004 memorandum, so that the \$111,000 from each Council District's discretionary funds can be restored, in addition to funding the Public Safety Action Plan and the Public Safety Communications Project.

Thank you for your attention to this matter.

Attachments

CITY OF SAN DIEGO
M E M O R A N D U M

DATE: April 12, 2004

TO: Honorable Mayor and City Council

FROM: P. Lamont Ewell, City Manager

SUBJECT: FY2005 Community Development Block Grant (CDBG) Program and
Section 108 Loan Application Period

Applications for the FY2005 CDBG Program were distributed to the Mayor and City Council on March 23, 2004. The Public Hearing for applicant testimony is scheduled for the April 20, 2004 City Council meeting. Council action on CDBG funding is scheduled for the April 26, 2004 City Council meeting. **PLEASE NOTE:** This memorandum initiates the annual Section 108 loan request period (See page 3).

Community Development Block Grant (CDBG) Program Funding

The FY2005 CDBG entitlement for the City of San Diego is \$18,260,000. This represents a decrease of \$387,000 (2.1%) from FY2004. It is recommended that \$764,000 (4.2%) of the entitlement be used to fund CDBG administrative costs.

In accordance with Council Policy 700-02, the remaining \$17,496,000 is designated to each of the eight Council Districts (60% or \$10,497,600) and Citywide (40% or \$6,998,400). Council District funds are distributed in proportion to the number of low/moderate income residents in each district based on 2000 U.S. Census data. The distribution of these funds is shown on Attachment 1. The attachment includes an adjustment for Section 108 Loan repayments committed by prior Council action and Engineering Department project management fees. The figure in the "Balance" column represents the amount of discretionary funding available to each district for FY2005 projects. The adjustments in the Citywide category include an allocation of 20% of the Citywide CDBG funds (\$1,399,680) to the ADA barrier removal program, and an allocation of 15% of the City's CDBG entitlement (\$2,739,000) to the Social Services Program. Recommended City Manager CDBG allocations are listed on Attachment 2.

Staff will review prior year funded projects to identify funds that may be available for reprogramming to new projects. This information will be provided to respective Council Districts and to the Mayor's Office for the Citywide category in advance of the Public Hearings.

Engineering Department Project Management Charges

Most CDBG funded public improvement projects involving non-profit agencies are managed by the Public Buildings and Parks Division of the Engineering Department. In accordance with City Council direction during the FY'02 CDBG hearings, \$350,000 is recommended to cover project management charges. This amount is spread to the eight Council districts in the same proportions used to allocate CDBG, and after netting out the Section 108 loan repayment amounts. The charges range from \$29,361 to \$59,704 per district and are listed in the lower portion of Attachment 1.

This change has the effect of reducing the amount available for CDBG projects. However, this will be offset because the Engineering Department will not direct charge the projects for project management fees.

CDBG Applicants

We received 152 applications for approximately \$28.7 million in total requests. The application period was from December 22, 2003 to February 9, 2004.

The noticing process was implemented through the following methods:

- Notices mailed to approximately 200 organizations on the CDBG mailing database
- Press release issued to local print and broadcast media
- Advertisement placed in the San Diego Daily Transcript

CDBG Eligibility

All applications were reviewed for eligibility. Some applications are deemed to be ineligible, and have been placed in a section of the binder titled "Not Eligible". Some applications have significant eligibility concerns and final determinations are pending review of additional information that may include site visits and/or meetings with project applicants. Due to time constraints, it is not practical to complete these reviews prior to the CDBG hearings. Those applications are in a binder section titled "Eligibility Concerns". Council is free to allocate funds to projects with eligibility concerns. If a project ultimately is determined to be ineligible, staff will then coordinate with the relevant Council districts to reallocate the funds to eligible projects.

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Honorable Mayor and City Council
April 12, 2004

Section 108 Loan Program Application Period

The Section 108 Loan Program Guidelines adopted by the City Council on January 14, 2003 call for the establishment of an annual 108 Loan Application period. Consistent with that objective, we are hereby soliciting all requests for FY'05 Section 108 loans to be submitted in writing to the City Manager no later than June 30, 2004. Upon receipt of a 108 loan request, staff will coordinate with relevant parties to prepare a Council action to approve all requested FY'05 108 loans.

If you have any questions regarding the CDBG or Section 108 Loan Programs, please contact Anita Pyle, Community Development Block Grant Administrator at (619) 236-6694. If you would like information or guidance evaluating any housing related CDBG application, please contact Meredith Bryant of the Housing Commission at (619) 578-7591.



P. Lamont Ewell
City Manager

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Attachments: 1. FY2005 CDBG Funding Summary
2. Proposed FY2005 CDBG Allocations

cc:

Bruce A. Herring, Deputy City Manager
Hank Cunningham, Community and Economic Development Director
Lisa Irvine, Financial Management Director
Elizabeth C. Morris, Chief Executive Officer, Housing Commission
Debra Fischle-Faulk, Community and Economic Development Assistant Director
Ernie Linares, Community Services Deputy Director
Anita C. Pyle, CDBG Administrator
Meredith Bryant, Financial Analyst, Housing Commission

FY 2005 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

DISTRICT	PERCENT	AMOUNT	COMMITMENTS/ PROJ. MGT.	NCCD, CAB-ADA Retrofit, ADA Transition, Fire Equip. & Cortez Hill	BALANCE
1	6.5%	682,344	33,682	273,689	374,973
2	10.0%	1,049,760	334,210	277,889	437,661
3	19.1%	2,005,042	741,295	288,809	974,938
4	15.5%	1,627,128	786,227	384,489	556,412
5	6.2%	650,851	29,361	273,329	348,161
6	12.3%	1,291,205	58,249	280,649	952,307
7	12.0%	1,259,712	320,263	280,289	659,161
8	18.4%	1,931,558	785,877	287,969	857,713
	100%	10,497,600	3,089,164	2,347,109	5,161,327
CITY WIDE		6,998,400	6,203,811	345,889	448,700
CDBG ADMIN		764,000			764,000
TOTAL		18,260,000	9,292,975	2,592,998	6,374,027

Adjustments:

<u>District One</u>		<u>District Two</u>		<u>District Three</u>	
Proj. Mgt.	30,645	Vietnam Vets	108,505	Mid-City Police	paid off
CAB ADA-Retrofit	72,222	O.B. Library	191,900	Urban Village	260,000
ADA Transition	49,222	Proj. Mgt.	33,805	Dist. 3 Infrastructure	409,524
NCCD	7,800	CAB ADA-Retrofit	72,222	Proj. Mgt.	59,704
Camp Hope**	2,002	ADA Transition	49,222	CAB ADA-Retrofit	72,222
Food Bank**	1,035	NCCD	12,000	ADA Transition	49,222
Fire Equip	111,111	Fire Equip	111,111	NCCD	22,920
Cortez Hill	33,333	Cortez Hill	33,333	Camp Hope**	2,002
				Food Bank**	2,065
				LGBT Centre**	4,000
				Vietnamese Federation**	4,000
				Fire Equip	111,111
				Cortez Hill	33,333
<u>District Four</u>		<u>District Five</u>		<u>District Six</u>	
SEDC #1	500,000	Proj. Mgt.	29,361	Proj. Mgt.	58,249
SEDC #2**	246,500	CAB ADA-Retrofit	72,222	CAB ADA-Retrofit	72,222
Proj. Mgt.	39,727	ADA Transition	49,222	ADA Transition	49,222
CAB ADA-Retrofit	72,222	NCCD	7,440	NCCD	14,760
ADA Transition	49,222	Fire Equip	111,111	Fire Equip	111,111
NCCD	18,600	Cortez Hill	33,333	Cortez Hill	33,333
Fire Equip	111,111				
Cortez Hill	33,333				
<u>District Seven</u>		<u>District Eight</u>		<u>City Wide</u>	
Mid-City Police	paid off	Mercado	250,000	Mercado	434,003
College/Rolando	274,845	F.S. #11	paid off	Mid-City Police	paid off
Proj. Mgt.	44,383	Central Police	350,744	SEDC #1	94,166
CAB ADA-Retrofit	72,222	Logan Health**	25,000	Cortez Hill 108 Loan	259,484
ADA Transition	49,222	Logan Library	81,946	ADA	1,399,630
NCCD	14,400	Golden Hill Com Ctr.*		Social Services	2,739,000
Food Bank**	1,035	Proj. Mgt.	54,126	CAB ADA-Retrofit	72,222
Fire Equip	111,111	CAB ADA-Retrofit	72,222	ADA Transition	49,222
Cortez Hill	33,333	ADA Transition	49,222	NCCD	80,000
		NCCD	22,080	Housing Commission	1,277,478
		Camp Hope**	2,996	Fire Equip	111,111
		Food Bank**	2,065	Cortez Hill	33,333
		Otay Library**	19,000		
		Fire Equip	111,111		
		Cortez Hill	33,333		

** Estimated Amounts

PROPOSED FY05 CDBG ALLOCATIONS

City Manager Recommendations	Amount	Background
Social Services	\$2,739,000	In accordance with Council Policy 700-02 "Community Development Block Grant Program", 15% of the total CDBG entitlement is recommended for social services. It is the maximum allowed by CDBG regulations for this purpose. It is 100% funded in the Citywide category.
CDBG Administration	\$764,000	This amount equals 4.2% of the total CDBG entitlement, which is under the 20% cap allowable by the grant. It pays for CDBG and Section 108 loan administration staff in the Community and Economic Development and Auditor and Comptroller's Departments. It is 40% funded from the Citywide category and 60% funded from the Districts in the same proportions used to determine district allocations.
Engineering Department Project Management Fees	\$350,000	This pays for Engineering staff to administer CDBG funded infrastructure projects involving non-profit agencies. This practice eliminates the need for the Engineering Department to charge the project budgets for project management. This amount is spread to the eight Council districts in the same proportions used to determine CDBG allocations, but after netting out the Section 108 loan repayment amounts.
ADA Barrier Removal Program	\$1,399,680	This amount equals 20% of the Citywide CDBG category. It is 100% funded in the Citywide category.
City Administration Building ADA Compliance – Phase 2	\$650,000	The overall cost to retrofit the City Administration Building for ADA compliance is estimated at \$1.6 million, of which \$300,000 was identified from prior year savings. Using a 2-year phase funding approach, the remaining \$1.3 million would require \$650,000 to be allocated over two fiscal years. This is the second phase of funding. These funds would be used for men and women restroom conversions on 8 different floors. Retrofits include door and partition widening, signs, handrails, doors, hardware, faucets, countertop and sink lowering, hazardous materials, abatement and fireproofing.

Supplemental ADA Transition Plan Needs	\$443,000	In addition to 20% of Citywide allocation, an additional amount is requested to cover costs in the City Attorney, Engineering and Community and Economic Development Departments to increase the City's efforts toward the ADA Transition Plan. This responds to the growing concern in the community that the City should step up its efforts towards ADA compliance. This represents a continuation of the same level of service funded in the current fiscal year.
Neighborhood Code Compliance	\$200,000	It is recommended that \$200,000 be made available to <u>reimburse the City's General Fund</u> for CDBG eligible Neighborhood Code Compliance activities. This will have no impact to code compliance service levels. It only shifts the funding from the General Fund to CDBG. This funding will not eliminate the need for continued CDBG funding in Linda Vista, Sherman Heights, City Heights and other areas where the Council wishes to have proactive code compliance.
Fire Prevention & Fighting Equipment	\$1,000,000	<p>Two Brush Apparatus for Scripps Ranch, Tierrasanta, San Carlos, North Park, Clairemont Mesa, Rancho Bernardo, San Ysidro and other communities challenged with an urban/wildland interface.</p> <p>These two new brush apparatus (\$350,000 each) will replace 1978 Sutphen brush apparatus with rear crew seating. The equipment will be stationed in North Park at Fire Station 14 and San Ysidro at Fire Station 29. This equipment will improve our ability to protect the community and emergency response crews during moderate to large scale brush fires. With the purchase of these two apparatus all the open cab brush apparatus for San Diego Fire-Rescue will be replaced by enclosed cabs to meet the required national safety standards.</p> <p>Fire Fighting Equipment These funds will pay for replacement hose, nozzles, rescue rope, rescue saws and other fire fighting equipment needs for the crews stationed throughout San Diego City. Distribution will be based on current inventories and replacement need.</p>

Affordable Housing/Housing Commission	\$1,277,478	Council Policy 700-02, stipulates a 20% target of the annual CDBG entitlement to be used for affordable housing projects. The City has yet to reach the target. The amount recommended for FY05 equals 6.9% of the entitlement. This is the same amount funded in the current fiscal year.
Cortez Hill Homeless Family Shelter	\$300,000	Funding is needed to complete Phase II of the Cortez Hill Family Shelter which includes landscaping, a tot-lot, and construction of an additional building with an on-site kitchen/dining facilities, offices, meeting rooms, day care area, and children's play area. Estimated cost is \$1.2 million of which \$900,000 has been received from state and federal grants and donations.
Total	\$9,123,158	